GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:406
ANSWERED ON:12.05.2006
OUTSTANDING DUES AGAINST STATE GOVERNMENTS
Athawale Shri Ramdas

Will the Minister of FINANCE be pleased to state:

(a) whether the dues of certain nationalised banks are outstanding against some State Governments;

(b) if so, the details thereof upto March, 2006, State-wise;

(c) the reasons for the dues remaining outstanding; :

(d) the steps taken / proposed to be taken for recovery of the said dues;

(e) whether some nationalised bar have filed their claims in courts for recovery in this regard; and

(f) if so, the latest position thereof?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (f) : A statement is laid on Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.406 FOR 12th MAY, 2006 REGARDING OUTSTANDING DUES AGAINST STATE GOVERNMENTS TABLED BY SHRIRAMDAS ATHAW ALE

(a) to (c) : Banks do not lend directly to State Governments. However, they invest in State Government securities, State Government guaranteed bonds issued by the State Government entities and lend to the public undertakings / corporate bodies /autonomous entities on the guarantees of State Governments. While there has been no default in SLR Bonds issued by State Governments, some nationalised banks have informed about unilateral reduction in interest rates of Government guaranteed bonds and their pre-payments by State Governments. Some dues of nationalised banks are outstanding against certain defaulting State Government entities who had borrowed on State Government guarantee but these guarantees have not been honoured by the respective State Governments primarily due totheir financial constraints. mNG DUES AGASSI sTAlfc;

(d) Banks have taken steps for recovery of their dues from the defaulting entities of the State Governments in accordance with their recovery policies and RBI guidelines which provide for restructuring of loans, One Time Settlement of dues, filing of cases in Courts / DRTs etc.

(e) &`(f): Yes, Sir. Some banks have filed cases in various cburts kgainst`fte defaulting State Governments and their entities and registered claims with BIFR / AAIFR.These cases are at various stages of hearing/adjudication.auaranieed bonds and their by State vioviiiiiient. Some ciaes of nationalised banks are spirt ceriaui defauluniJ Stiuc Govrment who had borrowed guarantee bui u-ese guarantees liave not been honoured by`GovcmmcrLs puniarUy due So their fitiancial constfalnts.